

Disciplinary and Other FINRA Actions

Firm Expelled, Individuals Sanctioned

Perpetual Securities, Inc. (CRD #36841, Forest Hills, New York), Cathy Yiping Huang (CRD #2370253, Registered Principal, Holmdel, New Jersey) and Youwei Paul Xu (CRD #2370245, Registered Principal, Holmdel, New Jersey). The firm was expelled from association with any FINRA member in any capacity. Huang and Xu were barred from association with any FINRA member in any capacity. The sanctions were affirmed by the Securities and Exchange Commission (SEC) following the appeal of a National Adjudicatory Council (NAC) decision. The sanctions were based on findings that Xu and Huang allowed the firm to operate a securities business while its FINRA registration was suspended. Additionally, Huang was suspended for two years for failing to respond timely and completely to FINRA requests for information. **(FINRA Case #C9B20040059)**

Firms Fined, Individuals Sanctioned

Redwood Securities Group, Inc. (CRD #27536, San Francisco, California) and Aditya B. Mukerji (CRD #342216, Registered Principal, Oakland, California) submitted an Offer of Settlement in which the firm was censured, fined \$20,000 and required to retain—within 60 days of acceptance of this Offer of Settlement—an independent consultant (IC) to conduct a comprehensive quarterly review of, at a minimum, the firm's balance sheet, schedule of accrued liabilities, checks received and disbursed blotter, bank reconciliations, general ledger, trial balance and net capital computation for one year, and to require the IC to submit four quarterly reviews to the firm and FINRA to address—at a minimum—the adequacy of the firm's financial records, a description of the review performed and conclusions reached, and the IC's recommendations for modifications and additions to the firm's record-keeping systems, which the firm shall adopt and implement or propose alternatives acceptable to the IC. Mukerji was fined \$77,500 and suspended from association with any FINRA member in any capacity for 45 days.

Without admitting or denying the allegations, the firm and Mukerji consented to the described sanctions and to the entry of findings that the firm, through Mukerji, filed materially inaccurate Financial and Operations Combined Uniform Single (FOCUS) reports, and some reports indicated they were filed by an individual who had resigned from the firm before Mukerji filed the FOCUS reports. The findings stated that the firm, acting through Mukerji, failed to accurately compute the firm's net capital, failed to keep a current trial balance, failed to keep and maintain a general ledger, failed to maintain a complete checks received and disbursed blotter and computed its aggregate indebtedness incorrectly. The findings also stated that the firm, acting through Mukerji, conducted a securities business while failing to maintain the minimum required net capital. The findings included that the firm failed to timely file its annual audit and FOCUS reports and its Schedule I of Form X-17A-5 with FINRA.

Reported for February 2008

FINRA® has taken disciplinary actions against the following firms and individuals for violations of NASD rules; federal securities laws, rules and regulations; and the rules of the Municipal Securities Rulemaking Board (MSRB).

FINRA found that the firm, acting through Mukerji, conducted a securities business and submitted financial reports while failing to employ and register a financial and operations principal (FINOP), and failed to request or receive a waiver of the FINOP requirement. FINRA also found that the firm, acting through Mukerji, failed to file an application for approval of change of ownership with FINRA when an individual began making capital contributions to the firm in return for equity ownership in the firm. In addition, FINRA determined that Mukerji willfully failed to disclose material facts on his Uniform Application for Securities Industry Registration or Transfer (Form U4).

Mukerji's suspension in any capacity is in effect from January 28, 2008, through March 12, 2008. (FINRA Cases #E0120050070/20060040112/20060043082/20060046541)

Thomas Group Capital (CRD #112901, Atlanta, Georgia) and Thomas Borbone (CRD #1713376, Registered Principal, Atlanta, Georgia) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$50,000 and prohibited from offering hedge fund interests or opening new hedge fund accounts for six months, and thereafter suspended from offering hedge fund interests or opening new hedge fund accounts until the firm has submitted revised written supervisory procedures to FINRA that satisfactorily address the supervision of hedge fund offerings. The firm was also required to pre-file all customer advertisements and sales literature relating to hedge funds with FINRA for six months, beginning with the first use of such sales communications following the suspension from offering hedge fund interest and opening new hedge fund accounts. Borbone was suspended from association with any FINRA member in any principal capacity for three months. In light of Borbone's financial status, no monetary sanctions were imposed.

Without admitting or denying the findings, the firm and Borbone consented to the described sanctions and to the entry of findings that the firm and Borbone failed to supervise the sale of hedge fund interests by registered representatives to public customers. The findings stated that there was no review or endorsement by a registered principal of transactions in hedge fund interests; and sales of hedge fund interests were not subjected to principal review for suitability of recommendations. The findings also stated that due diligence reviews of hedge fund offering documents prior to sales by representatives were inadequate.

The firm's prohibition is in effect from December 28, 2007, through June 27, 2008. Borbone's suspension in any principal capacity is in effect from February 4, 2008, through May 3, 2008. (FINRA Case #2005000323701)

Firms and Individuals Fined

E. Magnus Oppenheim & Co. Inc. (CRD #14268, New York, New York) and E. Magnus Oppenheim (CRD #353111, Registered Principal, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$17,500 and required to file with FINRA within 60 days, all sales literature and advertisements, including but not limited to annual or semi-annual client letters, print ads, performance updates and Web site content that the firm currently uses. Oppenheim was censured, fined \$10,000 and must have completed six hours of continuing education relating to compliance with NASD rules and federal securities laws regarding advertising and/or use of the internet in connection with offerings of securities within 90 days.

Without admitting or denying the findings, the firm and Oppenheim consented to the described sanctions and to the entry of findings that they posted information regarding the benefits and advantages of investing in an unregistered private limited partnership on the firm's Web site, and failed to register the fund with the SEC in violation of SEC Rule 506 of Regulation D. The findings stated that although no sales of interest in the private limited partnership were made through the Web site, the material published on the firm's Web site regarding the fund constituted a general solicitation of investors. The findings also stated that the firm and Oppenheim published material on the firm's Web site regarding the purported benefits and advantages of investing in the fund without providing a balanced disclosure of risks associated with the investment to provide a sound basis for evaluating the facts regarding an investment in the fund. **(FINRA Case #2006004863601)**

N.I.S. Financial Services, Inc. (CRD #5361, Kansas City, Missouri) and Carol Sharpe Boone (CRD #722594, Registered Principal, Lee's Summit, Missouri) submitted a Letter of Acceptance, Waiver and Consent in which the firm and Boone were censured and fined \$70,000, jointly and severally. The firm was fined an additional \$20,000. Without admitting or denying the findings, the firm and Boone consented to the described sanctions and to the entry of findings that in connection with the sale of joint investments in life insurance and mutual funds, the firm failed to forward customer funds promptly and to comply with the requirements set forth in SEC Rule 15c3-3(k)(1) under which it operated, including maintaining a Special Reserve Account for the Exclusive Benefit of Customers. The findings stated that the firm, acting through Boone, failed to implement a supervisory system to review and retain electronic correspondence its associated persons received and/or sent. The findings also stated that the firm, acting through Boone, failed to establish written supervisory procedures for supervisory approval to changes in account names or designation; limitations on holding customer mail, maintaining internal communications and establishing adequate controls over the firm's internal communications system; and review and retention of associated persons' correspondence. The findings also included that the firm, acting through Boone, failed to implement a supervisory inspection program of its non-branch office locations, and the firm conducted no onsite inspections of these locations even though the SEC had previously warned the firm that its failure to conduct non-branch office inspections was a violation of securities rules and regulations. **(FINRA Case #20060039815-01)**

Royal Alliance Associates, Inc. (CRD #23131, New York, New York) and Michael Patrick Contillo (CRD #1525574, Registered Principal, Massapequa, New York) submitted Letters of Acceptance, Waiver and Consent in which the firm was censured, fined \$50,000, ordered to pay \$2,767.30, plus interest, in restitution to public customers and required to revise its written supervisory procedures regarding fair pricing of, and markups on, municipal bond transactions. Contillo was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that the firm failed to purchase municipal securities for its own account from a customer or sell municipal securities for its own account to a customer at an aggregate price (including any markdown or markup) that was fair and reasonable, taking into consideration all relevant factors, including the firm's best judgment as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction, the expense involved in effecting the transaction, the fact that the firm was entitled to a profit and the transaction's total dollar amount.

The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and Municipal Securities Rulemaking Board (MSRB) rules concerning its fair pricing of and markups on municipal bond transactions. The findings also stated that the firm's supervisory system did not include written supervisory procedures providing for reviews for compliance with MSRB Rule G-30, and the firm was unable to produce sufficient evidence to FINRA of completion of these supervisory steps. The findings also included that the firm failed to ensure that Contillo, who managed the trader that executed the municipal transactions and was also assigned such supervisory responsibilities as oversight of the equity and fixed-income trades of the firm's Trading Desk, was properly registered as either a municipal securities principal or a general securities principal. Additionally, without admitting or denying the findings, Contillo consented to the described sanctions and to the entry of findings that he was manager of certain traders who executed municipal transactions and was assigned such supervisory responsibilities as oversight of the equity and fixed-income trades of the firm's Trading Desk, and that he failed to ensure that he was properly registered as either a municipal securities principal or a general securities principal. **(FINRA Cases #20050001577-01/20050001577-02)**

Firms Fined

Administrative Systems, Inc. (CRD #125997, Seattle, Washington) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$15,000, \$5,000 of which was jointly and severally with an individual. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it used the mails or other means or instrumentalities of interstate commerce to effect transactions in securities when it failed to maintain the minimum required net capital. The findings stated that the firm prepared inaccurate net capital computations and filed inaccurate FOCUS IIA Reports with FINRA. **(FINRA Case #2005003556801)**

Ameriprise Financial Services, Inc. (CRD #6363, Minneapolis, Minnesota) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$145,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it awarded non-cash compensation, including stock options and restricted stock, to field leaders through sales incentive programs based, in part, on criteria that favored or gave additional weight to the sale of the firm's proprietary investment company products rather than on the sale of all investment company products in violation of NASD rules. The findings stated that the firm failed to establish and maintain procedures, including written procedures, reasonably designed to achieve compliance with SEC Rule 17a-4 regarding record retention obligations. **(FINRA Case #2005000682901)**

American Municipal Securities, Inc. (CRD #8365, St. Petersburg, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to show the correct entry time on brokerage order memoranda. The findings stated that the firm failed to report the correct execution time in municipal securities reports of transactions to the MSRB Transaction Reporting System. **(FINRA Case #20050001818-01)**

Banc of America Securities LLC (CRD #26091, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$12,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it accepted customer short sale orders in securities and, for each order, failed to make/annotate an affirmative determination that the firm would receive delivery of the security on the customer's behalf, or that the firm could borrow the security on the customer's behalf for delivery by settlement date. The findings stated that the firm failed to report to the Trade Reporting and Compliance Engine (TRACE) the correct contra-party's identifier for transactions in TRACE-eligible securities. **(FINRA Case #20041000170-01)**

Banc One Securities Corporation (CRD #16999, Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$225,000 and required to reimburse affected public customers who paid a surrender penalty when exchanging their fixed annuity in the variable annuity or when exiting their variable annuity. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that the firm's registered representatives made unsuitable recommendations to customers given the customers' age, investment objectives, financial situations and needs. The findings stated that the firm failed to establish, maintain and enforce a supervisory system and written supervisory procedures reasonably designed to detect and prevent unsuitable tax-free (IRS Section 1035) annuity exchanges. The findings also stated that the firm's system and supervisory procedures were deficient concerning variable annuity to variable annuity exchanges, in that principal review desk principals were not required to obtain or consider critical information regarding a surrendered variable annuity when conducting the suitability review of a variable annuity exchange, and the principals did not compare the costs and benefits of features of the new and exchanged product. **(FINRA Case #2005002262901)**

BI Investments, LLC (CRD #125437, Glen Allen, Virginia) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$100,000 and was required to retain an independent consultant to conduct a comprehensive review of the adequacy of its policies, systems and procedures (written or otherwise) and training related to variable annuities. In addition, the firm's chief compliance officer was required to submit a certification to FINRA that each and every registered representative of the firm received, reviewed and agreed to comply with its written supervisory procedures. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to establish, maintain and enforce a supervisory system and written procedures related to its variable annuity business reasonably designed to achieve compliance with applicable federal securities laws, regulations and NASD rules. **(FINRA Case #2005001611001)**

BNP Paribas Securities Corp. (CRD #15794, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$38,000 and required to revise its written supervisory procedures regarding supervisory system, procedures and qualifications, best execution, trade reporting and Order Audit Trail System (OATS) reporting. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed, within 90 seconds after execution, to transmit last sale reports of transactions in eligible securities to the NASDAQ Market Center (NMC) and the Trade Reporting Facility (TRF); failed to report the correct execution time in late, last sale reports of transactions in eligible securities to the NMC; and incorrectly designated last sale reports of transactions in designated securities reported to the NMC within 90 seconds of execution as ".ST" to the NMC. The findings stated that the firm reported last sale reports of transactions in designated securities to the NMC that it was not required to report. The findings also stated that the firm transmitted reports to OATS that contained inaccurate, incomplete or improperly formatted data, and failed to show the terms and conditions on brokerage order memoranda. The findings also included that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and NASD rules concerning supervisory systems, procedures and qualifications; best execution; trade reporting and OATS reporting. FINRA found that the firm failed to report transactions in TRACE-eligible securities to TRACE that it was required to report. **(FINRA Case #20050017971-01)**

BrokersXpress LLC (CRD #127081, Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$11,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it submitted route reports to OATS that the OATS system was unable to link to the corresponding new order submitted by the destination member firm due to inaccurate, incomplete or improperly formatted data. The findings stated that the firm failed to enforce its written supervisory procedures that specified that the firm would review the data the firm sent to insure that Routed Order IDs are passed properly to the routing firm from the receiving firm. **(FINRA Case #20060039467-01)**

Bulltlick, LLC (CRD #104005, Miami, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$10,000 and required to revise its written supervisory procedures regarding trade reporting. Without admitting or

denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report the execution time through the NMC in last sale reports in eligible securities; failed to report the correct symbol indicating whether transactions were buy, sell, sell short, sell short exempt or cross for transactions in eligible securities to the NMC; and failed to report the correct symbol indicating whether it executed transactions in eligible securities in a principal or agency capacity to the NMC. The findings stated that the firm failed, within 90 seconds after execution, to transmit last sale reports of transactions in eligible securities through the NMC, and failed to designate one sale report as late. The findings also stated that the firm reported last sale reports of transactions in eligible securities through the NMC that it was not required to report. The findings also included that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and NASD rules concerning trade reporting. **(FINRA Case #20050022579-01)**

Crews & Associates, Inc. (CRD #8052, Little Rock, Arkansas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$27,500 and required to revise its written supervisory proceedings regarding fair pricing and markups. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to purchase municipal securities for its own account from a customer or sell municipal securities for its own account to a customer at an aggregate price (including any markdown or markup) that was fair and reasonable, taking into consideration all relevant facts, including the firm's best judgment as to the fair market value of the securities at the time of transaction and of any securities exchanged or traded in connection with the transaction, the expense involved in effecting the transaction, the fact that the firm was entitled to a profit, and the total amount of the transaction. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and NASD rules concerning fair pricing and markups. The findings also stated that the firm failed to report information regarding transactions effected in municipal securities to the Real-Time Transaction Reporting System (RTRS) in the manner prescribed by Rule G-14 RTRS Procedures and the RTRS Users Manual by failing to report information about the transactions within 15 minutes of trade time to an RTRS Portal. **(FINRA Case #20050001121-02)**

Cue Financial Group, Inc. (CRD #21033, Phoenix, Arizona) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$45,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it executed customer and inter-dealer transactions of TRACE-eligible corporate debt securities without being registered as a TRACE participant and without having attempted registration because it did not complete or submit a TRACE participant application agreement to FINRA. The findings stated that the firm did not report any of the TRACE-eligible transactions that required reporting. The findings also stated that the firm failed to report municipal securities transactions to the MSRB within 15 minutes of execution time and did not properly prepare order tickets in that they were missing information or contained inaccurate information. The findings also included that the firm did not have a supervisory system

or procedures reasonably designed to ensure compliance with federal securities laws and MSRB rules including Rules G-8 and G-14, and to ensure that its order tickets contained all required information. FINRA found that the firm failed to establish and maintain supervisory systems and procedures, written or otherwise, reasonably designed to achieve compliance with its TRACE trade reporting obligations. **FINRA Case #2007007503501)**

E.S. Financial Services, Inc. (CRD #104316, Miami, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to maintain current and accurate books and records regarding public customers' securities held at various depository locations. The findings stated that the firm failed to establish safekeeping accounts for customer fully paid-for and excess margin securities, and did not reduce the securities to possession or control in violation of the Securities Exchange Act of 1934. The findings also stated that the firm failed to maintain an adequate Special Reserve Bank Account for the Exclusive Benefit of Customers, failed to obtain an adequate written notification regarding segregation of cash and/or qualified securities deposited in the Reserve Bank Account, and failed to file telegraphic notice of reserve deficiencies in account. **(FINRA Case #2006005964001)**

First Republic Group, LLC (CRD #39781, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$45,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to adequately supervise registered representatives, whom the firm designated for heightened supervision, to ensure their compliance with applicable securities laws, regulations and NASD rules. The findings stated that the firm's supervisory system with respect to the registered representatives requiring heightened scrutiny was inadequate to ensure against unauthorized trading and other misconduct based upon various red flags, including the nature of customer complaints received, incomplete customer account documentation and the high rate of trade cancellations. The findings also stated that the firm failed to conduct a detailed review of customer account activity more than once per month when more frequent, in-depth oversight was warranted under the circumstances. The findings also included that the firm failed to maintain account records with the signature of the registered representative introducing new accounts and the signature of the firm's principal who accepted the accounts. **(FINRA Case #2006003717801)**

The GMS Group, LLC (CRD #8000, Livingston, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$10,000, ordered to pay \$2,336.87, plus interest, in restitution, and required to revise its written supervisory procedures regarding markups/markdowns for corporate bonds and fair and reasonable compensation for municipal bonds. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it purchased municipal securities for its own account from a customer and/or sold municipal securities for its own account to a customer at an aggregate price (including any markdown or markup) that was not fair and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of transaction,

the expense involved in effecting the transaction, the fact that the broker, dealer or municipal securities dealer is entitled to a profit, and the total dollar amount of the transaction. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations, and NASD and MSRB rules concerning markups/markdowns for corporate bonds, and fair and reasonable compensation for municipal bonds. **(FINRA Case #20050002296-01)**

H&R Block Financial Advisors, Inc. (CRD #5979, Detroit, Michigan) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$150,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to file Uniform Termination Notices for Securities Industry Registration (Forms U5) with FINRA in a timely manner. The findings stated that the firm failed to establish and maintain a system to supervise the activities of each registered representative and associated person reasonably designed to achieve compliance with the requirements of Article V, Section 3 of FINRA's By-Laws to ensure timely filing of Forms U5. **(FINRA Case #E8A2005010002)**

Legend Merchant Group, Inc. (CRD #5155, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$22,500 and required to file an application with FINRA, consistent with NASD Rule 1017 for approval of the material changes referenced in the AWC concerning changes to its Membership Agreement, and the firm must comply fully and timely with related FINRA requests for additional information and documents. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it effected material and ongoing changes in its business operations by adding a branch office and expanding the number of associated persons with direct customer contact without FINRA's prior approval. The findings stated that the firm failed to timely report statistical and summary information regarding customer complaints, and failed to report the most egregious problem as alleged in customer complaints as FINRA required. **(FINRA Case #20060036818-01)**

Merriman Curhan Ford & Co. (CRD #18296, San Francisco, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$25,000 and required to revise its written supervisory procedures regarding order handling, anti-intimidation/coordination, trade reporting and sales transactions. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it made available a report on the covered orders in national market system securities that it received for execution from any person that included incomplete information as to the cumulative number of shares of covered orders executed at the receiving market, and failed to discuss the material aspects of its relationship with each venue identified pursuant to SEC Rule 606(a)(1)(ii) of Regulation NMS for a calendar quarter. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and NASD rules concerning order handling, anti-intimidation/coordination, trade reporting and sales transactions. The findings also stated that the firm failed to make available in a timely manner—for two months—a report on the covered orders in national market system securities it received for execution from any person. **(FINRA Case #20060061222-01)**

Money Concepts Capital Corp. (CRD #12963, Palm Beach Gardens, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$13,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report customer-related matters disclosable under NASD Rule 3070 in a timely manner. The findings stated that the firm failed to amend Forms U4 and U5 for registered representatives to report customer-related matters in a timely manner. **(FINRA Case #2006003704001)**

Natixis Bleichroeder Inc. (CRD #1101, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$60,000 and required to revise its written supervisory procedures regarding SEC Rules 15c2-11, 605, 606, NASD Rule 6640, trading halts, recordkeeping, market order protection, trade reporting on its behalf, sales in threshold securities and short sale reporting. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it published quotations for OTC equity securities or non-exchange-listed securities, or directly or indirectly submitted such quotations for publication in a quotation medium (namely, the Pink Sheets), and did not have documentation required by SEC Rule 15c2-11(a)(Paragraph (a) information) in its records, and did not have a reasonable basis under the circumstances for believing that the Paragraph (a) information was accurate in all material respects and that the sources of information were reliable. The findings stated that the quotations did not represent a customer's indication of unsolicited interest. The findings also stated that the firm failed to file a Form 211 with FINRA at least three business days before the firm's quotations were published or displayed in a quotation medium. The findings also included that the firm failed to display immediately customer limit orders in NASDAQ securities in its public quotation when each order was at a price that would have improved the firm's bid or offer in each security; or when the order was priced equal to the firm's bid or offer and the national best bid or offer for each security and the size of the order represented more than a *de minimis* change in relation to the size associated with the firm's bid or offer in each security. FINRA found that the firm failed to report to the TRF and the OTC Reporting facility the correct symbol indicating whether it executed transactions in reportable securities in a principal or agency capacity. FINRA also found that the firm failed to report to the TRF last sale reports of transactions in designated securities; incorrectly designated as "W" to the TRF one last sale report of a transaction in a NASDAQ security; incorrectly reported to the TRF last sale reports of transactions in designated securities designated as non-tape that it had already reported; improperly reported to the TRF one last sale report of a transaction in a designed security as non-tape; and failed to report to the TRF the cancellation of one trade previously submitted to the TRF. FINRA also determined that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and NASD rules concerning SEC Rules 15c2-11, 605, 606, NASD Rule 6640, trading halts, recordkeeping, market order protection, trade reporting in its behalf, sales in threshold securities and short sale reporting. Moreover, FINRA found that the firm failed to enforce its written supervisory procedures with respect to trade reporting and Automated Confirmation Transaction Service (ACT) reporting, marking sales as long or short and the accuracy of OATS reporting. Furthermore, FINRA found that the firm failed to notify customers, in writing, at least annually of the availability on request of the identity of the venue to which

customer orders were routed for execution in the six months prior to the request. FINRA found that the firm executed short sale transactions and failed to report each of the transactions to the OTC Reporting Facility with a short sale modifier. **(FINRA Case #20050021198-01)**

Penson Financial Services, Inc. (CRD #25866, Dallas, Texas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$500,000 and required to retain an independent consultant to conduct an assessment of the effectiveness of the firm's current supervisory system, policies and procedures (written and otherwise) and related controls relating to its compliance with SEC Regulation T. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it permitted the improper trading in securities transactions resulting in violations of Regulation T for the sale of securities without full cash payment having been made by a public customer; the use of proceeds from unsettled sale transactions as payment for subsequent transactions; or the failure to properly restrict accounts from trading subsequent to the trading activity. The findings stated that the firm failed to obtain a Regulation T extension request with regard to transactions in customer cash accounts; failed to obtain payment by the Regulation T date for transactions in customer cash accounts; accepted payment into customers' margin accounts to cover purchases but failed to obtain a Regulation T extension when debit balances remained; filed Regulation T extension requests but accepted payment after the extension due date; obtained a Regulation T extension for a transaction in a customer's account and sold the customer's securities before the extension due date, although it allowed the customer to make an additional purchase during the 90-day freeze period. **(FINRA Case #2005002670701)**

Rosenblatt Securities Inc. (CRD #18377, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to submit Reportable Order Events (ROEs) to OATS. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and NASD rules concerning OATS reporting. **(FINRA Case #20050001125-01)**

Royal Alliance Associates, Inc. (CRD #23131, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$200,000 and required to review all mutual fund "A" share transactions effected on behalf of a registered representative's public customers to determine whether or not customers paid unnecessary commissions in connection with the transactions and provide refunds where appropriate. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to implement, maintain and enforce a supervisory system reasonably designed to prevent violation of SEC and FINRA rules and regulations. The findings stated that the firm had an inadequate system for detecting rapid turnover of mutual funds in customer accounts and was unable to identify unsuitable mutual fund switches and exchanges, short term trading of mutual fund shares, failure to exercise rights of accumulation, failures to send letters of intent and failures to take advantage of cost-free exchanges. The findings also stated that the firm failed to enforce its procedures regarding the use

of switch letters, in that an individual effected mutual fund share switches, failed to obtain signed switch letters, and the firm did not detect his failure to obtain these letters. (FINRA Case #E052004030102)

Westport Resources Investment Services, Inc. (CRD #24535, Westport, Connecticut) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$10,000 and required to revise its written supervisory procedures concerning reporting of transactions in TRACE-eligible securities. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report transactions in TRACE-eligible securities executed on a business day during TRACE system hours to TRACE within 15 minutes of execution time. The findings stated that the firm over-reported transactions in TRACE-eligible securities to TRACE. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and NASD rules concerning reporting of transactions in TRACE-eligible securities. (FINRA Case #20050032156-01)

William Blair & Company LLC (CRD #1252, Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to immediately display customer limit orders in a NASDAQ security in its public quotation, when each order was at a price that would have improved the firm's bid or offer in the security; or when the order was priced equal to the firm's bid or offer and the national best bid or offer for the security; and the size of the order represented more than a *de minimis* change in relation to the size associated with the firm's bid or offer in the security. The findings stated that the firm transmitted reports concerning orders to OATS that contained inaccurate, incomplete or improperly formatted data. (FINRA Case #20050032430-01)

Individuals Barred or Suspended

Chad E. Ackzen (CRD #5264694, Associated Person, Phoenix, Arizona) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Ackzen failed to respond to FINRA requests for information. The findings stated that Ackzen failed to disclose material information on his Form U4. (FINRA Case #2007007725201)

Joel Arnold August (CRD #708942, Registered Principal, Aventura, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, August consented to the described sanction and to the entry of findings that he failed to respond to FINRA requests for information. (FINRA Case #2007011397101)

Ronnie Ben-Aron (CRD #2980331, Registered Representative, Staten Island, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Ben-Aron failed to respond to FINRA requests for information and failed to appear for an on-the-record interview. The findings stated that Ben-Aron willfully failed to amend his Form U4 to disclose material information. (FINRA Case #2006005730201)

Dennis Carl Bielfeldt (CRD #1664085, Registered Representative, Munster, Indiana) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Bielfeldt consented to the described sanctions and to the entry of findings that he effected securities transactions in a public customer's account without the customer's prior written authorization to exercise discretion and without his member firm's prior written acceptance of the account as discretionary.

The suspension in any capacity was in effect from January 22, 2008, through February 4, 2008. (FINRA Case #2005002298601)

George Joseph Brischler (CRD #5297512, Registered Representative, Washingtonville, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Brischler consented to the described sanction and to the entry of findings that he withdrew \$1,405 from a public customer's saving account and converted the funds for his own use and benefit. The findings stated that Brischler failed to respond to FINRA requests for information. (FINRA Case #2007009953001)

Kenneth Richard Campbell III (CRD #2056286, Registered Principal, Richmond, Virginia) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$15,000, suspended from association with any FINRA member in a principal capacity for six months and required to requalify as a general securities principal (Series 24) by examination. Campbell was also required not to serve in a Chief Compliance Officer capacity during the suspension period and thereafter until he successfully requalifies by examination. Without admitting or denying the findings, Campbell consented to the described sanctions and to the entry of findings that he inadequately enforced his member firm's written supervisory procedures regarding variable annuity exchanges, thereby failing to fulfill his responsibilities to reasonably supervise the firm's variable annuity business.

The suspension in any principal capacity is in effect from January 22, 2008, through July 21, 2008. (FINRA Case #2005001611002)

Todd William Cowle (CRD #724275, Registered Representative, Plano, Texas) was fined \$2,500 and suspended from association with any FINRA member in any capacity for five business days. The sanctions were based on findings that Cowle willfully failed to amend his Form U4 to disclose material information.

The suspension in any capacity was in effect from January 7, 2008, through January 11, 2008. (FINRA Case #2006004494201)

Jeremy Tice Cundiff (CRD #4279532, Registered Representative, Evansville, Indiana) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Cundiff consented to the described sanctions and to the entry of findings that he entered into a real estate business arrangement with a public customer and entered into a settlement agreement with the customer without being the customer's representative of record.

The findings stated that Cundiff did not provide his member firm with a copy of the agreement before he signed it or before it became effective.

The suspension in any capacity was in effect from January 7, 2008, through January 18, 2008. (FINRA Case #20060054450-02)

Richard Alan Daniels (CRD #60736, Registered Representative, Chagrin Falls, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Daniels consented to the described sanction and to the entry of findings that he sold unregistered securities in the form of promissory notes to public customers, and the securities did not have the represented purpose of generating extraordinarily profitable returns for investors, but rather had the purpose of promoting an illegal “Ponzi” scheme and supporting Daniels’ personal debt and expenses. The findings stated that Daniels failed to respond to FINRA requests for information. (FINRA Case #2005003642901)

David Michael DeMartino (CRD #4547962, Registered Representative, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$15,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon DeMartino’s reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, DeMartino consented to the described sanctions and to the entry of findings that he selectively disseminated information obtained from a public company relating to its expected updated earning guidance before its official public release.

The suspension in any capacity is in effect from December 17, 2007, through March 16, 2008. (FINRA Case #2007009521201)

Thomas Vincent Di Benedetto (CRD #5159285, Associated Person, Elburn, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 60 days. The fine must be paid either immediately upon Di Benedetto’s reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Di Benedetto consented to the described sanctions and to the entry of findings that he failed to disclose a material fact on his Form U4.

The suspension in any capacity was in effect from December 17, 2007, through February 14, 2008. (FINRA Case #2007007926801)

Timothy Edward Dixon (CRD #2387274, Registered Representative, Hamilton, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Dixon consented to the described sanctions and to the entry of findings that he borrowed \$24,000 from one of his member firm’s public customers in contravention of the firm’s written procedures prohibiting registered representatives from borrowing money from customers.

The suspension in any capacity was in effect from January 7, 2008, through January 18, 2008. (FINRA Case #2007009992101)

David R. Dornisch (CRD #4889551, Registered Representative, Turnersville, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Dornisch's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Dornisch consented to the described sanctions and to the entry of findings that he signed public customers' names on life insurance documents without their authorization or consent.

The suspension in any capacity is in effect from January 22, 2008, through July 21, 2008. (FINRA Case #2007008177102)

Joan Lynea Elam (CRD #2102330, Registered Supervisor, Los Angeles, California) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Elam consented to the described sanction and to the entry of findings that she engaged in the unauthorized use of a co-worker's credit card to purchase personal items totaling \$1,005.94, without the individual's knowledge, authorization or consent. (FINRA Case #2007009097601)

Robert Roderick Evans (CRD #2482883, Registered Representative, Fogelsville, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Evans' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Evans consented to the described sanctions and to the entry of findings that in connection with a variable annuity transaction, he signed public customers' names on the documents without their authorization or consent.

The suspension in any capacity is in effect from January 7, 2008, through April 6, 2008. (FINRA Case #2006006553801)

Charles Todd Finley (CRD #2213439, Registered Principal, Ft. Worth, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$25,000, barred from association with any FINRA member in any principal capacity and suspended from association with any FINRA member in any capacity for two years. The fine must be paid either immediately upon Finley's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Finley consented to the described sanctions and to the entry of findings that he failed to reasonably supervise an unregistered person; failed to monitor the activity in customer accounts assigned to him; and recklessly permitted an

unregistered person to effect unauthorized transactions, unauthorized withdrawals and the transfer of \$863,200 in customer funds and securities valued at \$69,690 by means of forged authorization letters.

The suspension in any capacity is in effect from December 17, 2007, through December 16, 2009. **(FINRA Case #2006005217301)**

Gregory Gibala (CRD #2068914, Registered Representative, Beaver, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for four months. The fine must be paid either immediately upon Gibala's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Gibala consented to the described sanctions and to the entry of findings that he wrote checks against his mutual fund account at a company affiliated with his member firm and deposited the checks into his checking account even though he knew the mutual fund account had insufficient funds to cover the checks, and that no additional funds would be deposited into the mutual fund before the checks were presented for payment. The findings stated that Gibala withdrew funds from the bank checking account although he knew, or should have known, that, excluding the mutual fund checks he had deposited, the checking account did not contain sufficient funds to cover the withdrawals.

The suspension in any capacity is in effect from January 7, 2008, through May 6, 2008. **(FINRA Case #2007008400401)**

Candice Elicia Hall (CRD #5197124, Registered Representative, Coral Springs, Florida) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Hall consented to the described sanction and to the entry of findings that she intentionally submitted a Request for Verification for Employment that overstated her salary and reflected an incorrect length of service of employment and incorrect position title; she transmitted the document to a mortgage company in connection with an application for a home mortgage loan. **(FINRA Case #2007008809001)**

Kimberly Ann Harper (CRD #5191291, Associated Person, Inver Grove Heights, Minnesota) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Harper failed to respond to FINRA requests for information. The findings stated that Harper failed to disclose material information on her Form U4. **(FINRA Case #20060060576-01)**

Sheila Corne Horne (CRD #4404667, Associated Person, Indian Trail, North Carolina) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Horne consented to the described sanction and to the entry of findings that she engaged in unauthorized trading in, and made unauthorized distributions from, an Individual Retirement Account (IRA) that an individual maintained at the firm. The findings stated that Horne either entered a sell order herself or directed a registered person to enter a trade in the individual's IRA without his authorization. The findings also stated that Horne transferred the funds generated from the sales into a joint

checking account that Horne and the individual owned. The findings also included that Horne accomplished the unauthorized trading by signing the individual's name, without his knowledge or consent, to the distribution forms the firm required to process the transfer of funds. **(FINRA Case #2007009434201)**

Robert Doyle Hovermale (CRD #4385521, Registered Representative, Brownsburg, Indiana) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Hovermale consented to the described sanction and to the entry of findings that he used falsified documents to direct the sale of securities in a public customer's account, transferred the proceeds to his personal bank account without the customer's authorization or knowledge, and used the funds for his benefit and not customer's. The findings stated that Hovermale failed to respond to a FINRA request to appear to give testimony and to provide documents and information. **(FINRA Case #2006006255601)**

Dexter Sinclair Johnson (CRD #4374894, Registered Representative, Mt. Vernon, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$7,500 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Johnson consented to the described sanctions and to the entry of findings that he exercised discretion in a public customer's account without the customer's written authorization to exercise discretionary authority in the account and without Johnson's member firm's acceptance of the account as discretionary.

The suspension in any capacity is in effect from January 22, 2008, through February 20, 2008. **(FINRA Case #20060054051-01)**

William Wells Learned Jr. (CRD #1170117, Registered Representative, Auburn, Indiana) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for two months. The fine must be paid either immediately upon Learned's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Learned consented to the described sanctions and to the entry of findings that he signed a public customer's name to a form that authorized the release of the medical records of the customer's relative without the customer's knowledge or consent in order to obtain a life insurance policy for the customer's relative.

The suspension in any capacity is in effect from January 22, 2008, through March 21, 2008. **(FINRA Case #2006007082701)**

Imelda B. Lomibao (CRD #4354004, Registered Representative, Skokie, Illinois) submitted an Offer of Settlement in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Lomibao consented to the described sanction and to the entry of findings that she received \$15,000 from a public customer for investment purposes but, instead, deposited the funds into her personal bank account and used them to pay for her personal expenses. **(FINRA Case #20060059390-01)**

William Dennis Mattes Sr. (CRD #3251539, Registered Representative, Wheeling, Illinois) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Mattes created an Automatic Teller Machine (ATM) card in the name of one of his customers and used it to make unauthorized withdrawals from the customer's accounts. **(FINRA Case #2006005936701)**

Kelan Joseph Moylan (CRD #3150868, Registered Principal, Charleston, South Carolina) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Moylan's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Moylan consented to the described sanctions and to the entry of findings that he completed insurance-related documents and signed public customers' names to the documents without their knowledge or authority.

The suspension in any capacity is in effect from December 17, 2007, through June 16, 2008. **(FINRA Case #2006005882901)**

Daniel M. Myers (CRD #2132719, Registered Representative, Lawrence, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$15,000 and suspended from association with any FINRA member in any capacity for four months. The fine must be paid either immediately upon Myers' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Myers consented to the described sanctions and to the entry of findings that he lent \$540,000 to public customers contrary to his member firm's prohibition against lending money to customers. The findings stated that Myers performed functions at his firm requiring registration as a principal without being registered with FINRA in that capacity.

The suspension in any capacity is in effect from December 17, 2007, through April 16, 2008. **(FINRA Case #E9B2005014201)**

Donna Jean Parker (CRD #1190964, Registered Representative, Lakewood, Washington) submitted a Letter of Acceptance, Waiver and Consent in which she was censured and barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Parker consented to the described sanctions and to the entry of findings that she forged employees' signatures on firm documents and misused public customer funds by transferring money from the customer's account to an account that belonged to family members. **(FINRA Case #2007009449001)**

Darren James Powell (CRD #2666058, Registered Representative, Staten Island, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Powell opened accounts for public customers without their authorization and effected unauthorized transactions in the accounts. The findings stated that Powell failed to appear for a FINRA on-the-record interview. **(FINRA Case #2005002154901)**

Gary Lynn Ranfeld (CRD #1398815, Registered Principal, Kalamazoo, Michigan) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Ranfeld consented to the described sanction and to the entry of findings that he borrowed \$34,120 from public customers in contravention of his member firm's written supervisory procedures specifically prohibiting borrowing money from customers, without exception. The findings stated that Ranfeld failed to respond to FINRA requests for information. **(FINRA Case #2007007834501)**

Bruce Gilbert Reich (CRD #2565735, Registered Representative, Marietta, Georgia) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for 60 days. The fine must be paid either immediately upon Reich's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Reich consented to the described sanctions and to the entry of findings that he borrowed \$309,000 from public customers contrary to his member firm's written procedures prohibiting its registered representatives from obtaining loans from customers unless they are immediate family members.

The suspension in any capacity was in effect from December 17, 2007, through February 14, 2008. **(FINRA Case #2006007035301)**

Isaac Schinazi (CRD #2382880, Registered Principal, Mamaroneck, New York) and Robert Ware Middleton (CRD #333855, Registered Representative, Lyme, Connecticut) submitted Letters of Acceptance, Waiver and Consent in which Schinazi was suspended from association with any FINRA member in any capacity for 10 business days and suspended from association with any FINRA member in any principal capacity for 50 days. In light of Schinazi's financial status, no fine has been imposed. Middleton was fined \$22,500 and suspended from association with any FINRA member in any capacity for 30 days.

Without admitting or denying the findings, Schinazi and Middleton consented to the described sanctions and to the entry of findings that at a time when the original stated contingency of \$500,000 had not been met in connection with a "minimum-maximum" contingency private placement offerings of securities, they caused investor funds to be disbursed from a bank account and transferred to the issuer and their member firm, and failed to return funds to the investors from whom the firm received the funds, rendering the terms of the private placement memorandum false and misleading. The findings stated that the firm failed to maintain an escrow account to hold customer funds pending occurrence of each offerings' contingencies but instead, Schinazi and Middleton caused customer funds to be deposited with a bank in a savings account that was not an escrow account. The findings also stated that the firm, acting through Schinazi, failed to maintain the required minimum net capital while conducting a securities business and thus, Schinazi caused his firm to violate SEC Rule 15c3-1. The findings also included that Schinazi permitted Middleton to engage in activities that required him to be registered as a general securities principal when he

was not so registered. FINRA found that Schinazi, acting on his member firm's behalf, failed to maintain and preserve all of the firm's electronic communication in violation of Exchange Act Rule 17a-4.

Schinazi's suspension in any capacity was in effect from January 22, 2008, through February 4, 2008, and his suspension in any principal capacity is in effect from January 22, 2008, through March 11, 2008. Middleton's suspension in any capacity is in effect from January 22, 2008, through February 20, 2008. **(FINRA Cases #2005000777001/2005000777002)**

Harvey Mitchell Schwartz (CRD# 4301325, Registered Representative, Miami, Florida) was fined \$1,000 and suspended from association with any FINRA member in any capacity for four months. The sanctions were based on findings that Schwartz made false entries in his member firm's electronic entry system that claimed that public customers were disabled when they were not, in order to obtain Contingent Deferred Sales Charges for Class mutual fund shares without informing the customers or confirming the practice with his branch manager. The findings stated that Schwartz' false claims caused his firm's books and records to contain false and misleading information.

The suspension in any capacity is in effect from January 3, 2008, through May 3, 2008. **(FINRA Case #E102004083703)**

Andrea Marie Selander (CRD #4844906, Registered Representative, Grafton, Wisconsin) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$5,000 and suspended from association with any FINRA member in any capacity for 60 days. The fine must be paid either immediately upon Selander's reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Selander consented to the described sanctions and to the entry of findings that she cut and pasted a public customer's signature on withdrawal request forms without the customer's knowledge or consent in order to expedite the withdrawal of funds from the customer's securities account at the firm to the customer's bank account.

The suspension in any capacity is in effect from January 22, 2008, through March 21, 2008. **(FINRA Case #2007007771001)**

Sandip Kishor Shah (CRD #2649681, Registered Representative, Chino Hills, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. The fine must be paid either immediately upon Shah's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Shah consented to the described sanctions and to the entry of findings that he placed orders for securities transactions in his personal brokerage account at a member firm without notifying the member firm with which he was associated that he had an account at another firm. The findings stated that Shah failed to notify the firm that held his account that he was associated with a member firm.

The suspension in any capacity is in effect from January 21, 2008, through February 19, 2008. (FINRA Case #2007008204801)

Phillip M. Sikich (CRD #5170716, Associated Person, Janesville, Wisconsin) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. The fine must be paid either immediately upon Sikich's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Sikich consented to the described sanctions and to the entry of findings that he failed to disclose material facts on his Form U4.

The suspension in any capacity was in effect from December 17, 2007, through January 15, 2008. (FINRA Case #2006006193501)

Leslie Clark Stipek (CRD #1200931, Registered Principal, Tustin, California) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Stipek consented to the described sanction and to the entry of findings that, while acting through a limited liability company he owned that was not a FINRA member, he effected securities transactions on public customers' behalf and received \$1,248,340 in commissions for the sales. The findings stated that the limited liability company, acting through Stipek, acted as a broker-dealer without being registered with the SEC. The findings also stated that Stipek failed to appear for a FINRA on-the-record interview. (FINRA Case #2006005166801)

Nicholas Paul Taverna (CRD #2080292, Registered Representative, Mt. Sinai, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000, suspended from association with any FINRA member in any capacity for 30 days and required not to permit his administrative assistant to assist him or work with him in any capacity, including registered or unregistered and paid or unpaid, in connection with his employment in the securities industry. Without admitting or denying the findings, Taverna consented to the described sanctions and to the entry of findings that he failed to reasonably supervise his administrative assistant with a view to preventing her falsifications and alterations of account paperwork in connection with her processing of numerous transfers/exchanges by his clients from an existing financial product to an annuity.

The suspension in any capacity was in effect from December 21, 2007, through January 19, 2008. (FINRA Case #2007007778801)

Malcolm Thomas (CRD #4650133, Registered Representative, San Antonio, Texas) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Thomas submitted forged forms for the purpose of requesting compensation for work he had not done to his member firm. The findings stated that Thomas failed to respond to FINRA requests for information and to appear for an on-the-record interview. (FINRA Case #2006004663901)

Darrel Leland Trost (CRD #855013, Registered Principal, Salt Lake City, Utah) David Michael Corn (CRD #1732548, Registered Representative, Sandy, Utah) and Jeffrey Lynn Doerr (CRD #1282618, Registered Representative, Alpine, Utah) submitted an Offer of Settlement in which Trost was fined \$25,000 and suspended from association with any FINRA member in any principal capacity for two months. Corn and Doerr were each fined \$70,000, which includes the disgorgement of commissions received of \$45,000, and suspended from association with any FINRA member in any capacity for five months. The fine must be paid either immediately upon Corn's and Doerr's reassociation with any FINRA member following their suspension, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

Without admitting or denying the allegations, the respondents consented to the described sanctions and to the entry of findings that Corn and Doerr actively assisted an individual's improper attempt to disguise his market-timing activity from insurance companies, continue market timing through variable annuities, and thereby successfully evade attempts by insurance companies to block the trading activity. The findings stated that Trost failed to adequately supervise Corn and Doerr's activities with a view to preventing their violation of NASD rules. The findings also stated that Trost, Corn and Doerr failed to timely update their Forms U4 to disclose material information.

Trost's suspension in a principal capacity is in effect from January 22, 2008, through March 21, 2008. Corn's and Doerr's suspensions in any capacity are in effect from January 22, 2008, through June 21, 2008. (FINRA Case #EAF0401050001)

Edward Martin VanGrouw (CRD #1032559, Registered Representative, Fairlawn, New Jersey) was fined \$20,000, suspended from association with any FINRA member in any capacity for two years and must requalify by exam as a registered representative. The sanctions were based on findings that VanGrouw obtained contingent deferred sales charge waivers for customers selling Class B mutual fund shares by falsely claiming that the customers were disabled.

The suspension in any capacity is in effect from July 2, 2007 through July 1, 2009. (FINRA Case #E9B2003026301)

Duc Trong Huynh Vo (CRD #4446867, Registered Representative, Glen Allen, Virginia) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Vo consented to the described sanction and to the entry of findings that he received a \$8,000 check from a public customer for investment purposes and instead of investing the funds, he deposited the check into his personal bank account, thereby converting the funds for his own use and benefit. (FINRA Case #2006006634501)

Dominic Joseph Vricella (CRD #1525115, Registered Principal, Medford, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Vricella consented to the described sanction and to the entry of findings that he engaged in private securities transactions without prior written notice to, or prior

written approval from, his member firm. The findings stated that Vricella settled a customer complaint without his member firm's knowledge or approval. The findings also stated that Vricella failed to reasonably supervise a registered representative engaged in private securities transactions to prevent his violations and achieve compliance with applicable securities rules, regulations and NASD rules. **(FINRA Case #2007008938701)**

Fredricka Dale Watson (CRD #849531, Registered Representative, Louisville, Kentucky) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Watson took notes into a Regulatory Element of Continuing Education exam and looked at them before they were confiscated by an examiner, even though she had acknowledged that it was prohibited prior to the exam. The findings stated that Watson failed to respond to FINRA requests for information. **(FINRA Case #20060052704)**

Beverly J. Whitaker (CRD #4638038, Associated Person, Towley, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Whitaker consented to the described sanction and to the entry of findings that a public customer gave Whitaker and a registered representative \$70,500 for investment purposes and instead of investing funds as directed, the registered representative deposited \$50,000 of the total into the account of a company the registered representative jointly owned with Whitaker, thereby converting the proceeds for their own use and benefit. **(FINRA Case #2007007816002)**

Denise Kay Woods (CRD #3170325, Registered Representative, Westchester, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Woods consented to the described sanction and to the entry of findings that she misused \$137,000 received from a public customer to be invested and without the customer's knowledge and consent, deposited the funds in another customer's securities account. **(FINRA Case #2006004687101)**

Robert Van Yeager (CRD #4023419, Registered Representative, Lady Lake, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one year. The fine must be paid either immediately upon Yeager's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Yeager consented to the described sanctions and to the entry of findings that he forged public customer signatures on investment and insurance-related documents, without the customers' knowledge or prior consent.

The suspension in any capacity is in effect from January 7, 2008, through January 6, 2009. **(FINRA Case #2006007061201)**

Decisions Issued

The Office of Hearing Officers (OHO) issued the following decision, which has been appealed to or called for review by the NAC as of January 31, 2008. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed in the decision. Initial decisions which time for appeal has not yet expired will be reported in the next FINRA Notices.

Kirlin Securities, Inc. (CRD #21210, Syosset, New York), Andrew Joseph Israel (CRD #1980476, Registered Principal, Rockaway Park, New York), Anthony Joseph Kirincic (CRD #1499511, Registered Principal, Dix Hills, New York) and David Owen Lindner (CRD #1305774, Registered Principal, Bellmore, New York). The firm was expelled from FINRA membership, and Israel, Krincic and Lindner were barred from association with any FINRA member in any capacity. The firm, Israel and Lindner must pay \$26,163, plus interest, in restitution to a public customer. The sanctions were based on findings that Israel and Kirincic, acting on the firm's behalf, used deceptive techniques to manipulate the price of securities. The findings stated that Kirincic forged public customers' signatures on stock certificates and authorization letters. The findings also stated that the firm, acting through Israel and Lindner, failed to comply with best execution requirements for a customer order.

This decision has been appealed to the NAC and the sanctions are not in effect pending consideration of the appeal. **(FINRA Case #EAF0400300001)**

North Woodward Financial Corp. (CRD #104097, Birmingham, Michigan) and Douglas Allen Troszak (CRD #2219763, Registered Principal, Birmingham, Michigan) were fined \$10,000, jointly and severally. In addition, Troszak must requalify by exam as a FINOP. The sanctions were based on findings that the firm, acting through Troszak, failed to prepare and maintain accurate books and records in violation of SEC and NASD rules.

This decision has been appealed to the NAC and the sanctions are not in effect pending consideration of the appeal. **(FINRA Case #E8A2005014902)**

Complaints Filed

FINRA issued the following complaints. Issuance of a disciplinary complaint represents FINRA's initiation of a formal proceeding in which findings as to the allegations in the complaint have not been made and does not represent a decision as to any of the allegations contained in the complaint. Because these complaints are unadjudicated, you may wish to contact the respondents before drawing any conclusions regarding these allegations in the complaint.

Aura Financial Services, Inc. (CRD #42822, Birmingham, Alabama) and Jonathan Fenton (CRD #2781807, Registered Principal, Las Vegas, Nevada) were named as respondents in a FINRA complaint alleging that the firm, acting through Fenton and another registered representative, recommended and effected the purchase of limited partnership interest in hedge funds without having reasonable grounds for believing that the recommendations and resultant transactions were suitable for public customers. The complaint alleges that the firm, acting through its president, failed to reasonably supervise the sale of hedge fund investments by Fenton and another representative. The complaint also alleges that the firm failed to require their registered representatives to review the compliance manual annually or failed to provide documentation confirming that the representatives had satisfied the requirement. The complaint further alleges that the firm failed to accurately report municipal securities transactions to the MSRB; failed to report any last sale reports or non-tape, non-clearing reports for its riskless principal transactions in NASDAQ securities through ACT; executed TRACE-eligible securities transactions and incorrectly characterized them as principal transactions; and failed to report written customer complaints to FINRA. In addition, the complaint alleges that the firm engaged in a securities business when its net capital was below the required minimum and failed to establish a reserve bank account for holding customer funds or to qualify for an exemption. **(FINRA Case #E052005000702)**

Maura Ellen Mitchell (CRD #4736301, Registered Representative, Miami Beach, Florida) was named as a respondent in a FINRA complaint alleging that without customers' knowledge or consent, she accessed her member firm's computer system and entered transactions causing the sale of securities in variable annuity sub-accounts for public customers and used the proceeds of the sales to purchase different sub-account investments within the customers' variable annuity policies. The complaint alleges that Mitchell provided FINRA with false and misleading information and testimony. **(FINRA Case #2005003584601)**

**Firms Suspended for Failure to Supply
Financial Information**

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

CMG Institutional Trading LLC
Chicago, Illinois
(November 30, 2007)

Hamerslag, Dodeles & Co., LLC
New York, New York
(December 3, 2007)

NMP Capital, LLC
Kansas City, Missouri
(November 30, 2007 –
December 14, 2007)

**Individuals Barred Pursuant
to NASD Rule 9552(h)**

(If the bar has been vacated, the date follows the bar date.)

David Demarest IV
Wellington, Florida
(December 26, 2007)

Frank Foerster
New York, New York
(December 26, 2007)

Phillip Emery Freeman III
Tampa, Florida
(December 28, 2007)

Dempsey Bennett Hammond Jr.
Destin, Florida
(December 5, 2007)

John Robert Hoole
Marion, Illinois
(December 21, 2007)

David Henry Lightfoot
Clarkston, Michigan
(December 20, 2007)

Jose Paul Macandog
Jacksonville, Florida
(December 21, 2007)

Kalina R. Rousseva
Miami, Florida
(December 3, 2007)

Vinh Chi Tu
Hercules, California
(December 6, 2007)

Individuals Suspended Pursuant to NASD Rule 9552(d)

(The date the suspension began is listed after the entry. If the suspension has been terminated or lifted, the date follows the suspension date.)

Darrin Cornelius Bryant
Middletown, Connecticut
(December 24, 2007)

Garfield Earnest Como
Richmond, Texas
(October 15, 2007 – November 27, 2007)

Gale Andrew Harvey
Mt. Juliet, Tennessee
(December 10, 2007)

Wilfred Junior Ignace
Brooklyn, New York
(December 3, 2007)

Inderbir Singh Sahni
New York, New York
(December 3, 2007)

Sean Daniel Scheans
Lake Oswego, Oregon
(December 7, 2007)

Barry Ray Stokes
Dickson, Tennessee
(June 11, 2007 – November 27, 2007)

Charita N. Teasley
Detroit, Michigan
(December 7, 2007)

Moses Raymond Tuckler
Elizabeth, New Jersey
(December 24, 2007)

Fiona Patrice White
Willingboro, New Jersey
(December 10, 2007)

Individuals Suspended Pursuant to NASD Rule Series 9554 for Failure to Comply with an Arbitration Award or Settlement Agreement

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

Donnell Allen
Queens Village, New York
(December 5, 2007)

James J. Carr
N. Merrick, New York
(December 5, 2007)

Gregory Fils-Aime
Queens Village, New York
(December 5, 2007)

Michael Eric Joaquin
Levittown, New York
(December 5, 2007)

Jacqueline Mary Mead
Ballwin, Missouri
(December 26, 2007)

William Ramey Mead Jr.
Ballwin, Missouri
(December 26, 2007)

Radion Felitivich Medvedovsky
Brooklyn, New York
(April 2, 2007 – December 17, 2007)

Safdar Mursalin
Bronx, New York
(December 5, 2007)

Robert Anthony Rossi Jr.
Ft. Myers, Florida
(December 13, 2007)

Thomas Howard Taylor
Warwick, Rhode Island
(December 10, 2007)

Paul Jeffrey Umansky
Rockville Centre, New York
(December 20, 2007)

FINRA Fines J. P. Morgan Securities \$500,000 for Failing to Disclose Use of Payments to Consultants to Obtain Numerous Municipal Securities Offerings

The Financial Industry Regulatory Authority (FINRA) has fined J.P. Morgan Securities, Inc. \$500,000 for failing to disclose to the Municipal Securities Rulemaking Board (MSRB) that it had used consultants to obtain numerous municipal securities offerings and had made payments to consultants connected to particular offerings. FINRA is responsible for enforcing MSRB rules.

J.P. Morgan inaccurately stated in its filings with the MSRB that no municipal securities business had been obtained by its consultants and that it had made no payments to consultants connected with particular transactions. In fact, FINRA found, during the period from January 2002 through June 2004, J.P. Morgan used 16 different consultants to obtain at least 70 separate underwritings and paid at least \$750,000 to six consultants connected to particular transactions.

“The action announced today demonstrates FINRA’s commitment to enforcing rules that are important to the integrity of the municipal securities market,” said Susan L. Merrill, FINRA Executive Vice President and Chief of Enforcement. “The failure to report payments to consultants for specific municipal business undermined the disclosure scheme in place at the time the reports were made. MSRB rules no longer allow such payments at all.”

During the time period at issue in this case, MSRB Rule G-38 required firms to disclose in quarterly filings with the MSRB any municipal securities business obtained or retained by a consultant. The rule also required firms to disclose payments made to consultants connected to particular municipal securities offerings. The rule is intended to address potential abuses in connection with the awarding of municipal securities business. It was revised in August 2005 to prohibit payments to any person not affiliated with a firm to solicit municipal securities business on behalf of the firm.

FINRA found that from Jan. 1, 2002, through June 30, 2004, J.P. Morgan made extensive use of consultants in connection with its municipal securities business. During that period, J.P. Morgan paid a total of \$7.15 million to approximately 40 consultants. J.P. Morgan disclosed the identities of the consultants it used to communicate with issuers, and the total amounts it paid to these consultants, to the MSRB. However, despite its extensive use of consultants, J.P. Morgan reported in 10 separate quarterly filings with the MSRB that the amount of municipal securities business obtained or retained by the consultants was nothing, and that the firm had paid nothing to consultants connected to particular municipal securities transactions. But FINRA found that in fact, J.P. Morgan had repeatedly used consultants to obtain or retain particular municipal securities business and had made numerous payments to consultants connected to particular transactions. FINRA found that J.P. Morgan had used at least 16 consultants to obtain at least 70 municipal securities offerings, and had made at least six payments to consultants, totaling \$750,000, connected to particular municipal securities business.

FINRA also found that J.P. Morgan violated MSRB rules by failing to maintain adequate supervisory procedures relating to the disclosure of the use of, and payments to, consultants as required by MSRB rules.

In settling this matter, J.P. Morgan neither admitted nor denied the charges, but consented to the entry of FINRA's findings.